

Hurricane Katrina Action and Response

Credit union service restored

Hurricane Katrina and its aftermath closed 139 federally insured credit unions in Louisiana, Mississippi and Alabama when it struck August 29. By September 16, all 139 credit unions representing \$3.4 billion in assets and 100 percent of area members had returned to operation.

Thanks to the combined efforts and assistance of many, large and small credit unions alike are now open serving their members. While some credit unions are operating from back-up sites, all members should have access to their funds.

CUs encouraged to assist members and institutions

Joining fellow federal financial regulators, one of NCUA's initial

steps after the hurricane struck was to activate an emergency response policy encouraging credit unions to assist affected institutions and consider all reasonable and prudent actions that could help meet the critical financial needs of members and communities. To the extent consistent with safe and sound financial practices, such actions may include:

- Waiving ATM fees for customers and non-customers;
- Increasing ATM daily cash withdrawal limits;
- Easing restrictions on cashing out-of-state and non-customer checks;
- Waiving overdraft fees as a result of paycheck interruption;

- Waiving availability restrictions on insurance checks;
- Waiving early withdrawal penalties on time deposits;
- Allowing loan customers to defer or skip some payments;
- Waiving late fees for credit cards and other loan balances due to interruption of mail and/or billing statements or the customer's inability to access funds;
- Easing credit card limits and credit terms for new loans; and
- Delaying delinquency notices to the credit bureaus.

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Matz resigns from NCUA's Board

Citing the need to move on with her career now that her term on the NCUA Board has ended, Board Member



NCUA Board Member
Debbie Matz

Debbie Matz submitted her resignation and left the agency September 30, 2005. Her term expired August 2, 2005.

"It has been an honor to serve the nation in this capacity," Matz said in her resignation letter and expressed her gratitude to the President for "this extraordinary opportunity."

"I view credit unions as a vital component of the financial services sector and I remain optimistic that credit unions will

survive and thrive well into the future," she wrote, and expressed her hope that a successor be confirmed quickly.

Chairman Johnson said, "I have appreciated the opportunity to serve with Board Member Matz on the NCUA Board. She has been a champion for credit union service to Americans from all walks of life. Debbie has maintained a steadfast commitment to ensuring small credit unions grow and have long-term vitality in today's ever-changing financial marketplace. Our close working relationship on initiatives such as enhancing the member business lending rule produced great results in credit unions being able to extend greater access to credit and capital for America's small businesses. A public servant of 25 years, Debbie has contributed to the successes of NCUA. I wish her the very best as she moves forward."

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NCUA sets 2006 budget briefing and public forum for October 19

NCUA will hold the agency's fifth annual Budget Briefing and Public Forum Wednesday, Oct. 19 in Alexandria. Public input is invited.

- **What:** NCUA's 2006 Budget Briefing and Public Forum
- **Where:** NCUA Headquarters, 1775 Duke Street, Alexandria, Va.
- **When:** 10 a.m. – noon, October 19, 2005

The Budget Briefing and Public Forum will once again have a period designated to hear oral statements from our stakeholders. Public and credit union community members who wish to make oral statements pertaining to the proposed budget must register. Each registered participant will have 10 minutes to make an oral statement.

Requests to speak should be captioned "Budget Briefing and Public Forum – Request to Participate" and must be received by Oct. 12. Because of time restraints, NCUA reserves the right to select witnesses; however, the agency will make every effort to accommodate all requests and ensure a broad range of views.

Participants preferring to provide written comments may file them with the Secretary of the Board captioned "Budget Briefing and Public Forum – Comment." Written comments must be received no later than Nov. 4 to be considered.

Mail comments and participation requests to Mary Rupp, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, VA 22314. Or, send by fax to 703-518-6319, or e-mail to regcomments@ncua.gov.

Credit unions report strong mid-year growth

Loans expand as delinquencies decline at federally insured credit unions

The nation's federally insured credit unions report strong 9.8 percent annualized loan growth while delinquent loans reflect a downward trend in the first six months of 2005 according to mid-year 2005 Call Report data submitted by the nation's 8,871 federally insured credit unions.

"I am pleased to report the loan to share ratio climbed to 75.9 percent, the highest level since December 2000, and loan delinquencies declined to 0.65 percent in the first six months of 2005," Chairman JoAnn Johnson said. "Earnings remain strong with credit unions reporting an annualized 0.93 percent return on average assets at mid-year. These figures highlight the overall safe and sound condition of America's credit unions in a growing economy. Also, it reflects well on credit union members' confidence in their institutions."

The major balance sheet categories and membership growth at federally insured credit unions in the six month period between January 1 and June 30, 2005 follows:

- Assets increased 3.5 percent, to \$669.7 billion from \$647.0 billion;
- Loans increased 4.9 percent, to \$434.5 billion from \$414.2 billion;
- Shares increased 2.9 percent, to \$572.3 billion from \$556.1 billion;
- Investments increased 1.5 percent, to \$162.1 billion from \$159.7 billion;

- Net worth increased 4.3 percent, to \$73.9 billion from \$70.9 billion; and
- Membership increased 1.1 percent, to 84.5 million members.

Real estate continues to lead expansion among income producing loans. First mortgage loans grew 5.4 percent to \$137.1 billion while other real estate loans, such as second mortgage and home equity loans, grew 8.7 percent increasing to \$67.3 billion.

Vehicle loans continue to track well. New auto loans grew 7.4 percent to \$76.5 billion while used auto loans grew 2.6 percent to \$86.9 billion.

The total amount of delinquent loans declined 5.8 percent and the amount of delinquent credit cards declined 9.9 percent.

Examining members' savings, with the Federal Reserve increasing interest rates, in the first six months of 2005 federally insured credit union money market shares declined 1.8 percent and share certificates grew 8.7 percent as members moved funds into share certificates. Regular shares increased 1.5 percent to \$203.1 billion, and IRA/Keogh accounts increased 2.4 percent to \$47.8 billion.

A consolidated balance sheet, with additional details, is available on the NCUA website at <http://www.ncua.gov/data/FOIA/foia.html>.

NCUA News

National Credit Union Administration

NCUA News is published by the National Credit Union Administration, the federal agency which supervises and insures credit unions.

JoAnn Johnson, Chairman

Information about NCUA and its services may be secured by contacting 703-518-6330.

External Affairs
Cherie Umbel, *Editor*
Barbara Walker, *Graphics*

National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Board actions September 15, 2005

Community charter conversion approved

The NCUA Board approved the conversion of \$102 million **West-Aircomm Federal Credit Union** (WACFCU), Beaver, Penn. from multi-group to a community charter able to serve the people who live, work, worship, attend school, and businesses and other legal entities in Allegheny, Beaver, and Butler Counties in Pennsylvania. This southwestern region of Pennsylvania comprises the Pittsburgh metropolitan area.

Single quarterly call report form proposed

The NCUA Board issued a proposed revision to §741.6(a) of the regulations that would require all federally insured

credit unions to file the same, recently revised, quarterly 5300 financial and statistical call report form, thereby eliminating the optional 5300SF form. Currently, credit unions under \$10 million in assets can file a 5300SF in the first and third quarters.

The revised NCUA 5300 form consolidates information, reduces ancillary schedules and is easier to read and use. Three pages shorter than the current version, the new 16-page call report will have a consistent appearance each cycle and eliminate confusion that arises with alternating forms. The new form is designed with a 10-page core report so many small credit unions will not have to complete the three supporting schedules.

Board adopts audit rule revision for CUSOs

The NCUA Board issued a final rule change, to reduce regulatory burden,

that permits wholly owned credit union service organizations (CUSOs) to forgo a separate financial statement audit from a certified public accountant if it is included in the annual consolidated audit of its federal credit union parent.

The change conforms regulation Part 712 to current agency practice. Since 1997, NCUA has viewed credit unions with wholly owned CUSOs in compliance with the rule if the parent FCU obtained a consolidated annual financial statement audit.

Board votes are unanimous unless indicated.

NCUA enhances and streamlines the data collection process

Credit union call reports go online this fall

NCUA has made significant changes to enhance and streamline its 5300 Call Report data collection process beginning with the September 30, 2005, reporting cycle.

"Using electronic technology, these improvements will enhance data integrity, expedite information input and report dissemination, increase NCUA's risk analysis capabilities and cut costs," Chairman JoAnn Johnson said. "In offering this new data collection program, NCUA is providing the credit union community with a more effective and efficient means to report data as well as offering new tools to access and work with this data."

The key changes being implemented with the September 30, 2005, Call Report data collection cycle include:

- Electronic validation compares data reported in the current cycle to historical data, identifies unusual or unlikely conditions, and generates an Historical Warnings Report (HWR);
- Added comment boxes allow credit unions to provide an explanation when warning notices question data entries;

- Electronic submission enables credit unions to transmit call reports directly to NCUA and receive the HWR and Financial Performance Report (FPR) via email within 24 hours; and
- The significantly revised FPR offers a more comprehensive, flexible tool both credit unions and examiners can use to check data integrity and analyze risk.

Additional details are available in Letter to Federally Insured Credit Unions 05-CU-10 online at <http://www.ncua.gov/letterrrs/letters.html>.

Credit unions workshops

NCUA's Office of Small Credit Union Initiatives is conducting workshops throughout the U.S. in the next few months that include an agenda item offering a summary of 5300 Call Report process improvements. The workshops are free and open to all credit unions regardless of asset size.

Workshop registration forms are posted on the NCUA website at <http://www.ncua.gov/CreditUnionDevelopment/Index.htm>.



Who and What: Chairman JoAnn Johnson will address the National Association of Community Credit Unions 7th Annual Conference.

When: Monday, October 24, 2005

Where: Boston, Mass.

Why: Chairman Johnson will discuss regulatory issues affecting credit unions.

Contact: Linda Queen at 703-518-6309 or lqueen@ncua.gov.

Who and What: Chairman JoAnn Johnson will address the 2005 AICPA Annual Conference.

When: Wednesday, October 26, 2005

Where: Las Vegas, Nev.

Why: Chairman Johnson will provide NCUA updates.

Contact: Linda Queen at 703-518-6309 or lqueen@ncua.gov.

Who and What: Chairman JoAnn Johnson will address the Oregon/SW Washington CUES meeting.

When: Thursday, October 27, 2005

Where: Wilsonville, Oregon

Why: Chairman Johnson will discuss regulatory issues affecting credit unions.

Contact: Linda Queen at 703-518-6309 or lqueen@ncua.gov.

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September 13, 2005 — A New Orleans street remains partially submerged many days after pumps began removing water from the city.

Region III's Hurricane Katrina outreach

Employees from all divisions in the NCUA Region III office answered phone calls and helped credit unions find resources needed to become operational after Hurricane Katrina struck. Region III staffed Mississippi and Alabama response phone lines 7 days a week until all credit unions in these states were operational to ensure credit union members could access a reassuring voice to assist them.

In Florida, where Katrina struck first, Supervisory Examiner (SE) David Freeman prepared before the hurricane by obtaining contact information. He was able to verify all staff in Florida were safe shortly after the storm, and by Monday, August 29, determined all credit unions in Florida's impacted areas were operational.

In Mississippi and Alabama, examiners began making phone calls and sending emails the weekend before the storm. Shortly after the hurricane made landfall, additional phone calls and emails went to credit unions requesting operational status. In the regional office, Senior Insurance Analyst Bonnie Daws helped coordinate resources as credit unions, NCUA

staff, outside consultants and data processors offered their assistance as needed.

Regional Director (RD) Alonzo Swann tapped Economic Development Specialist (EDS) Elliot Weiss to serve as the region's Hurricane Katrina response coordinator. Weiss and DOI Director Joe Ostrowidzki determined which credit unions were in impacted areas within hours after

the storm made landfall. EDS Weiss was a focal point throughout the crisis in coordinating Region III's efforts to ensure actions were taken to help affected credit unions become operational.

SE Kramer deserves special recognition

Judi Kramer, the SE for Mississippi and southern Alabama, contacted her examiners before the Category 4 hurricane made landfall in Mississippi and Alabama the morning of August 29. Mississippi experienced hurricane force winds throughout most of the state. Nearly 150 miles from the Gulf coast, Kramer's Jackson, Mississippi, area experienced 100 mile per hour winds until 7 p.m. that evening.

Despite a tree falling on the deck and roof of her house and intermittent telephone and power service, Kramer contacted all her examiner staff by Wednesday, August 31. She kept in constant communication with Charles Elliot, President/CEO of the Mississippi Credit Union Association, and the Region III office verifying credit union updates and resources needed for credit unions and

agency employees.

One week after the storm, Kramer visited the Biloxi/Gulfport area with David McBeth of CUMIS and Charles Elliot to assess the damage and determine how NCUA could assist.

Within 12 days after Katrina struck, all credit unions in the impacted areas of Mississippi and Alabama were fully operational. RD Swann credits Kramer's hard work and dedication as playing the agency's biggest role in helping Mississippi and Alabama credit unions resume operations.

Assisting credit unions

NCUA, as well as many other organizations, helped affected credit unions become operational. In Biloxi, **Keesler Federal Credit Union** at \$1 billion is the largest Region III credit union affected by Hurricane Katrina. Two Keesler branches were destroyed in the hurricane. CEO Scotty Broome and the credit union staff worked diligently to ensure operations were swiftly restored.

In the first few days after the hurricane, Region III staff fielded numerous calls from Keesler members assuring them the credit union would soon be operational. Associate Regional Director Timothy Hornbrook worked with the Federal Reserve in Atlanta to assist Keesler and two other credit unions obtain priority telecommunications installation. **Pen Air Federal Credit Union** of Pensacola, Florida, provided Keesler use of a mobile branch. By Sept. 19, the credit union had 8 of its 13 U.S. offices operational.

Examiners in Kramer's SE group who deserve special mention for their hard work include Vicki Mott, Randy Gartman, Glenda Hassan, Robert Parrish, Lisa Terrell, Shelvia Sims and Timothy O'Quinn.

Corporate Examiner Valerie Bogart played an instrumental role in determining whether credit unions needed assistance in her heavily affected hometown of Hattiesburg, Miss. Unable to contact some credit unions by telephone, Bogart drove

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Credit unions helping credit unions

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through Hattiesburg assessing credit unions' status and providing guidance and assistance as needed.

Credit unions helping credit unions

The main office of **Jackson County Employees Credit Union**, Pascagoula, Miss., was destroyed. Shortly after the storm, the credit union was operating out of the manager's truck until **Singing River Federal Credit Union**, Moss Point, Miss., provided operating space for a brief period, despite significant damage to its offices. Currently, **Hospital System Credit Union**, Pascagoula, Miss., is providing Jackson County Credit Union space and a computer to operate. The credit union anticipates operating out of a donated trailer on their lot in the near future.

The office for **Docks and Terminal Credit Union**, Mobile, Ala., was destroyed and currently operates from the International Trade Club in Mobile, one of its select employee groups. Tina Williams of **The Infirmary Federal**

Credit Union, Mobile, Ala., provided the telephone line of her personal residence for Docks and Terminal to use for posting ACH transactions.

The office of **University of Southern Mississippi Federal Credit Union**, Hattiesburg, Miss., experienced damage and was without power, water, and telephone. However, their electronic services were working shortly after the storm and the credit union opened for business September 7 with help from Florida based **Southeast Corporate Federal Credit Union**, **Eglin Federal Credit Union**, and **Gulf Winds Federal Credit Union** and the NCUA. In manager Karen Laymen's words, "I can't thank NCUA, Southeast Corporate FCU, and Eglin FCU enough. With NCUA's information, I was able to get Eglin and Gulf Winds resources. Both offered generators and supplies, people etc. Eglin FCU brought everything we needed."

Credit unions also showed their cooperative spirit in many ways. Notably, New Orleans based VAHNOLA Federal Credit Unions is being assisted by two federal credit unions. Lockheed Georgia Employees Federal Credit Union in Marietta, Ga., is providing assistance while VAHNOLA is temporarily operating out of Magnolia Federal Credit Union in Jackson, Miss.

The hurricane tested the resolve and abilities of individuals and institutions. In Region III, credit unions officials and staff, league staff of Mississippi, Alabama and elsewhere, as well as the NCUA staff all worked together to restore credit union service to the credit union members of the Mississippi/Alabama Gulf Coast.

Region III Examiner

Vicki Mott's storm story

Biloxi, Miss., Examiner Vicki Mott decided to stay put when evacuation was recommended because, "They told people to go to shelters north of the Interstate and I live there already, about eight miles north of the beach."

"When Katrina started it didn't stop," Mott said. "The wind blew for 12 hours. The first tree fell at 6:30 Monday morning and they just kept falling all day. I lost power with the first tree. We had a whirlpool in the swimming pool and whitecaps on the pond. Water started falling from every light fixture and was coming in the top of the window frames. I barricaded the French doors with heavy things (a bucket with a sledge hammer, crow bars, hammers, etc.). This came in very handy when the door frame gave way and I was able to beat the door into submission and nail it shut."

With only a tiny transistor radio, Mott had no communication until after the storm when a TV station returned broadcasting on two radio channels.

"Communication remains a major problem but I have power," Mott said Sept. 19. "First predictions were six weeks, so 17 days is a miracle. After about three days, when I walked out to charge my phone - it made a noise! I had gotten a text message from my supervisor. I sent a quick message to let her know 'M OK' and I got a message back!"

"My husband made it home Thursday night with a generator and more baby wipes, the preferred method of bathing with no water.

"Things will never be what they were on the Gulf Coast, but conditions improve daily. The amount of support the Coast is receiving from everyone is amazing and much appreciated, thanks to all," Mott said.



September 13, 2005 — A high-rise building in downtown New Orleans left without windows stands next to a building with all windows intact.

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September 13, 2005, New Orleans — Examiner Anthony Manuel, with a listing of New Orleans credit unions, pinpoints locations on the map to coordinate logistics before entering the city to find the credit unions that hadn't been heard from, check credit union sites and retrieve backup servers and vital documents.

Region IV Reports from Louisiana

Supervisory Examiner Jon Flagg returned to Louisiana September 16, but he hasn't returned to his home in the Garden District of New Orleans and doesn't know when he will be back in the city.

Flagg is NCUA's SE in New Orleans. The examiners on his exam team, along with Group J's Examiner Marie Henry, work directly with the 96 federally insured credit unions in and around New Orleans. While Flagg evacuated, eventually going to the Austin regional office, it was his group of examiners who set up a command center at the Baton Rouge Marriott by mid-week after the hurricane struck Monday, August 29.

Katrina response is underway

NCUA's local Louisiana examiners first accounted for one another and found most had experienced various levels of storm damage. Getting organized, the team quickly began to conduct a preliminary assessment of credit unions in SE Louisiana and those north of Lake Ponchartrain. With phones and electric lines

down and cell phones primarily inoperable, making contact proved a challenge. After forming an inventory of possibly affected credit unions, they developed a contact list and worked through the list using various methods to confirm ongoing credit union operations.

The corporate credit union system supplied a list of credit unions that were downloading data; thus, obviously operational. The expanding team found text messaging often proved the best way to communicate with one another and with credit unions.

The process soon turned to restoring credit union operations as quickly as possible, with members' need for financial services constantly growing. To assess damage and lend assistance, in some cases, onsite contact was the only recourse.

Teamwork in action

At the regional office in Austin, Acting Regional Director Keith Morton was instrumental in all phases of the disaster recovery efforts, from strategic planning to taking calls from credit union members.

Onsite in Louisiana, Examiner Anthony Manuel went into New Orleans on four missions. While on leave, Manuel first helped cut down trees and provide food and ice in the Abita Springs/Covington area. While there, he made contact with Chuck Harrington, a retired NCUA examiner who does credit union consulting and audits in

the area. Harrington provided valuable assistance and currently operates three credit unions with displaced management.

Manuel's second mission into the city was with a team to cook for the National Guard stationed at Harrah's Casino at the foot of Canal Street.

On his third mission, Manuel was joined by Region IV Information Systems Officer Wayne Trout and an armed National Guard escort. They accessed six credit unions and retrieved records and computers from each. On his fourth mission, Manuel found two additional credit unions and rescued equipment and records.

Locating and assisting credit unions

- Examiner Anthony Manuel delivered rescued records and equipment to the manager of New Orleans based **Louisiana Association of Educators Federal Credit Union** at their temporary location in Houston, Texas.
- Examiner Sonya Pickens delivered computer equipment and records to the manager of New Orleans based **VAHN-OLA Federal Credit Union**, temporarily located in Jackson, Mississippi, at a halfway point in Hammond, Louisiana.



September 13, 2005 — Total Community Action Federal Credit Union was ransacked by vandals who stole a safe and the credit union's server. With water damage evident as high as the file cabinets, Examiner Manuel retrieved signature cards and ACH files while onsite.

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Credit union assistance

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September 13, 2005, Baton Rouge Marriott — NCUA staff in the command center. In the foreground from the left are Examiners Michelle LaCombe and Randall Cummings Special Actions Director Jerry Courson. From the left in the background are Examiners Michelle Duhe and Sonya Pickens. Command center staff not pictured are new examiner Tobi Bellot and Examiner Lori Mullins.

- Examiner Michelle Duhe delivered a new computer system to the manager of **New Orleans Public Belt RR Federal Credit Union** in Metairie, La.
- Examiner Lori Mullins delivered equipment and records to **Chalmette Refinery Federal Credit Union**, temporarily located at Pelican State Credit Union in Baton Rouge. Mullins and Chris Bryant from Region IV Special Actions stayed at Pelican State FCU several days to get Chalmette Refinery FCU's system up and running.
- Examiner Michelle Duhe found the employees of New Orleans based **Total Community Action Federal Credit Union** through the American Red Cross missing person's website.
- AMAC's Debbie Sparring, a Louisiana native and the prior manager of Chamlettte Refinery Federal Credit Union, found the employees of that credit union by emailing a distant relative of the loan officer who forwarded the email to several people before making contact with staff.
- Sonya Pickens located the manager of **PACE Kenner Federal Credit Union** by calling all the people in Louisiana with

the same last name, eventually locating the manager's husband's cousin who provided contact information.

- Michelle LaCombe saw a New Orleans Police Officer in the parking lot of the hotel where the examiners are working. She asked for his assistance and he helped the NCUA staff contact officials of the New Orleans Police Department Employees Credit Union.
- The examiner team also helped credit union staff members contact credit union officials and credit union members by sharing their evacuation information.
- Thus far, NCUA has facilitated 16 computers delivered to credit unions that were contributed by other credit unions or NCUA.

NCUA staff provides assistance

- Examiner Anthony Manuel took a few days off in early September to help with Katrina clean-up. With money donated from the credit union community, Manuel purchased and cooked a meal for 44 members of the Louisiana National Guard Special Reaction Team who had been surviving on MREs since before the hurricane struck.
- This National Guard unit was the first team in the New Orleans Superdome. They stayed to help maintain order as the wind blew off a large part of the roof and water poured in, the plumbing and electricity failed and thousands more people escaped to the Superdome when the levees broke.
- NCUA Examiner Randall Cummings' family lost 31 homes in New Orleans

displacing over 100 people. Cummings worked for days to find placement for his family all over the southeast. Besides helping at his church's shelter, Cummings is housing a family of four in his home.

- Examiners living in Mandeville and Destrehan were evacuated from their homes for more than two weeks. They have returned home, and report minimal damage. Examiner Randy Helm's home remains without electricity or phone service. He charges his computer at Home Depot in order to communicate by email.
- Examiner Lori Mullins drove over debris for hours getting into Amite to retrieve her husband's parents, who now live with her family.
- Examiner trainee Sonya Burton tried two different days to drive into St. Tammany Parish (Mandeville) to find her parents. Overcoming many hazards and back roads, she found them Thursday night and they now live with her.
- Examiner trainee Tobie Bellot spent her first days with the agency manning the phones at the Katrina call center. Since Bellot had not yet been issued an NCUA computer, she used her personal computer to search for needed information.
- NCUA Examiners Sonya Pickens, Sonya Burton, and Lori Mullins, along with spouses and children, have been working at the two pet evacuation centers in Baton Rouge. One shelter has about 1,000 animals, and the other has approximately 3,000.

Credit union assistance

Approximately 26 credit unions are being hosted by other credit unions. Some partnerships were prearranged as part of the hosted credit union's disaster recovery plan. However, many smaller credit unions did not have prearranged disaster recovery locations. About 20 partnerships were set up by NCUA examiners and SE's in various locations all over the southeast. NCUA is working in conjunction with both the Louisiana Office of Financial Institutions and the Louisiana Credit Union League. The examiner team also contacted credit union supervisory committee

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Red Cross distributes disbursing orders

The American Red Cross (ARC) is distributing a disbursing order (DO) to be used to purchase goods and services and the Federal Reserve is currently working with the ARC to make these forms available for cash at financial institutions. Credit unions are not obliged to convert a DO to cash, only those comfortable doing so.

The ARC is also distributing stored value cards that are not redeemable at financial institutions for cash.

Also, individual ARC chapters may issue a handwritten check for individual assistance. ARC checks are clearly identifiable with local chapter's business information and generally carry the ARC corporate branding.

Held to Maturity investments can be sold

NCUA issued Accounting Bulletin 05-02 in early September to explain that hurricane affected credit unions can sell held-to-maturity (HTM) security investments to meet member share withdrawals, demand for emergency loans, and to cover other immediate cash needs to enable the credit unions to operate, based on Financial Accounting Standards Board Statement 115, Accounting for Certain Investments in Debt and Equity Securities. The accounting bulletin is available online at http://www.ncua.gov/GuidesManuals/accounting_bulletins/accounting_bullet.html.

Federal Credit Unions can make donations to storm victims

NCUA Regulatory Alert 05-RA-07 (http://www.ncua.gov/reg_alerts/2005/05-RA-07.pdf) reminds federal credit unions of their broad authority to make charitable contributions and donations to nonprofit

recipients that are located or conduct activities in their communities. FCUs can also make contributions to tax-exempt organizations that promote and develop credit unions. (See NCUA regulation §701.25 and §501(c)(3) of the Internal Revenue Code.)

A federal credit union board of directors can approve donations or delegate authority to credit union staff to make donations within limits or policies the board of directors establish.

Federal credit unions can also make in-kind donations, for example donations of staff time and equipment. They can assist other credit unions with cash contributions and make in-kind donations to other credit unions. Also, federal credit unions can make no-interest loans to nonprofit community organizations that qualify for charity contributions.

Treasury offers government check cashing guidance

The U.S. Treasury Department encourages depository institutions to ease their customary identification requirements when cashing government checks because Hurricane Katrina has left many without traditional forms of identification.

The Treasury encourages depository institutions to seek other verification methods for affected customers. For respective checks, depository institutions are encouraged to call the following numbers with the customer on the line:

- Social Security Administration
1-800-772-1213
- Office of Personnel Management
1-202-606-4899
- Railroad Retirement Board
1-713-209-3045 (Houston)
1-501-324-5241 (Little Rock)

Depository institutions that follow this procedure will be granted flexibility in the event of a check forgery reclamation action.

Also, the Social Security Administration (SSA) and the Department of

Veterans Affairs are issuing replacement checks, in the form of third party drafts, to benefit recipients who are unable to receive or locate their regular Treasury checks.

Details and descriptions of letters accompanying third party SSA and VA checks are available online at http://www.fms.treas.gov/katrina_notice_depository_institutions.html.

At press time, the U.S. Treasury had issued updated guidance for depository institutions on cashing disaster assistance checks and government benefit checks issued by the U.S. Treasury, verifying personal identity to cash checks, check security features, altered checks, and accelerated direct deposit enrollment to assist Social Security recipients.

The Treasury update is available online at <http://www.ncua.gov/news/express/xfiles/SNFDI.pdf>

September 30 call report guidance

The United States Post Offices in New Orleans, Louisiana and in cities primarily to the south and east of New Orleans have currently suspended mail delivery operations in response to Hurricane Katrina. In addition, there are other federally insured credit unions (FICUs) located in areas affected by Hurricane Katrina with available mail service that may need additional time to submit an accurate 5300 call report due to ongoing challenges related to the aftermath of the hurricane.

Regions III and IV are working closely with these credit unions and the state supervisory authorities of Louisiana, Mississippi, and Alabama to address filing call reports for the September 30, 2005, 5300 reporting cycle.

The September 5300 Call Report filing deadline for FICUs is October 24, 2005. However, NCUA will allow affected credit unions additional time to submit a call report if needed. Credit unions affected by Katrina needing additional time to file a call report should contact their

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NCUA regional director or state supervisory authority for an extension.

Apply Bank Secrecy Act while serving hurricane victims

NCUA issued a Regulatory Alert prepared with fellow financial regulators and the Financial Crimes Enforcement Network that addresses questions frequently asked by financial institutions regarding the application of the Bank Secrecy Act (BSA) in providing services to victims of Hurricane Katrina.

The Regulatory Alert is available online at http://www.ncua.gov/reg_alerts/reg_alert.html.

Verify FEMA assistance Treasury checks

Ensure FEMA U.S. Treasury checked cashed at your credit union are authentic. FEMA assistance checks are printed on U.S. Treasury check stock, the same used for tax refunds and other government payments. A FEMA check has "disaster assistance" written on the bottom left of the check and FEMA's Agency Location Code (70070002) is located on the second line of the check. For more information, the following link illustrates the check stock and its security features http://fms.treas.gov/checkclaims/check_security_new.pdf.

Region IV Examiner Marie Henry's storm story

My brother Ernest, his wife, my mother and I decided we would implement our "age old" plan that worked for us in the past: The Plan - go to a high rise hotel, stay on the fourth or the fifth floor (because of rising water), put our automobiles in a nearby "high rise" parking lot, and ride out the storm.

In the past, we were able to get our cars and return home after the hurricane. This time, it was a nightmare. Although we had our portable, battery operated TV and radio; we could not get exact information on how to get out of New Orleans after the storm. Water was everywhere on the TV.

Tuesday evening, officials announced the "one" route out of New Orleans. It was about 6 p.m. when we went to the parking lot next to our hotel to get our cars and leave. The 24-7 hour parking attendant could not be found and the entrance was blocked. I had a duplicate set of keys, but my car was blocked by another car. We climbed the barricade and tried to move the other car to no avail. So, we went back to our hotel rooms where we held a prayer session joined by two couples (tourist on vacation) also staying at the hotel. By this time, the looting, shooting, etc. was rampant in the city, and, we were faced with an additional 20 feet of water flooding the city in the next 12-18 hours from the break in the 17th street canal. We went to sleep and tried the parking lot again at 6 a.m. the next morning. Needless to say, we were frantic when the parking attendant arrived at 10 a.m.

We finally got my car out of the garage but the attendant could not find the keys to my brother's car. My brother prayed, promising to take another family out of New Orleans if his keys were found. Five minutes later, my brother was handed the keys. The two couples who were with us the night before were standing outside the hotel waiting for a "promised" ride that hadn't arrived. We took things out of our cars leaving it behind and made room for them.

We drove as fast as allowed to get out - The only road out was to travel from our hotel to St. Peters Street to Tchoupitoulas Street to the onramp for the West Bank Expressway to Highway 90 to I-310 and finally to I-10. There was not one inch of water on this route. From there, we drove to Houston to my brother's condominium. On the way, we dropped

the very grateful tourists at the airport in Houston where they caught a flight home.

Credit union assistance

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auditors, Louisiana Credit Union League representatives, CUMIS representatives, and others involved in the credit union industry in south Louisiana to develop a response network and share information.

The League is facilitating distribution of a \$500 grant to each affected credit union staff person through the Credit Union Foundation. They also provided computers and cell phones to various affected credit unions and helped set up partnering arrangements. The League has received 60 monitors and 120 desktop donations from other credit unions that we are helping to distribute.

With affected credit unions now in various stages of operation, SE Flagg emphasized that examiners did a good job of pairing up credit unions to get some institutions back up and running. The examiner team also had on-site assistance from Jerry Courson, Director of Special Actions for Region IV, and Jeff Steele, Region IV's associate regional director. Courson and Special Actions Problem Case Officer Chris Bryant commuted to Baton Rouge from the closest available hotels in Beaumont, Texas.

"Credit unions have showed real determination to return to operations to provide members accessibility to their funds," Flagg said. "Many credit unions had a particularly difficult time because managers and their staff are experiencing various degrees of personal loss. Some face more challenges than others. In the days ahead, NCUA will be confirming member accessibility, accounting clearing capabilities, and restored communication. After personal safety, the important thing for NCUA is to ensure credit union members are being served."

Hurricane Katrina

Action and Response

Credit union service restored

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Getting help to members and credit unions

NCUA took the following steps to assist hurricane victims:

- Opened a toll-free emergency call center available 7 days a week for Katrina victims.
- Designated emergency email addresses for affected credit unions in Alabama, Mississippi and Louisiana.
- Posted contact information for all affected credit unions with telephone numbers frequently updated.
- Posted Frequently Asked Questions and Answers to provide information such as how to access CU account funds where service is interrupted and how to remotely access funds.

"During tragedies such as Hurricane Katrina, clear and concise information is important to families affected by the devastation," said NCUA Chairman JoAnn Johnson. "Having access to financial services is a critical part in the recovery efforts. NCUA will continue to assist institutions, credit union members, and communities across the Gulf Coast as they work to recover from this terrible disaster."

"We at NCUA want to make sure credit union members have access to their funds and want to facilitate the ease with which that occurs," said Board Member Debbie Matz. "The toll-free number and frequently asked questions will hopefully serve this purpose."

Reporting to Congress

Edward P. Dupcak, Region II Director and Chairman of NCUA's Hurricane Katrina Task Force, September 8 provided the House Financial Services Committee, Senate Banking Committee and Members of Congress from Louisiana, Mississippi, and Alabama with the status of the 139 federally insured credit unions in the path of the hurricane, and he explained the steps being taken

to mobilize agency resources to ensure members have financial service.

NCUA staff in Region III (Alabama and Mississippi) and Region IV (Louisiana) attempted to contact each potentially affected credit union to access their operating level, lend assistance and address critical problems in the days immediately following the hurricane.

Ongoing operations to assist hurricane victims

- The NCUA website www.ncua.gov continuously updates contact information for affected credit unions. This listing includes operating status and other important contact information.
- Dupcak explained that the credit union system includes a shared branching network with over 1,000 shared branches throughout the U.S. Members of affiliated credit unions have various levels of service at these shared branches.
- NCUA issued a temporary ruling that allows federal credit unions to provide assistance to other credit unions and non-members in the areas affected by the hurricane under certain conditions. Emergency services, including check cashing, ATM access, and other services to meet short-term emergency needs can be provided under the authority to engage in charitable activities.
- NCUA worked with the Corporate Credit Union System to ensure settlement accounts clearing checks and other cash presentments continue to be operational.
- NCUA has insurance authority to guarantee loans to meet settlement demands on impacted credit unions to help stabilize financial markets and continue

service to credit union members.

- NCUA contacted data processing vendors to provide potential backup should credit unions need support to return to full operation.

"Cooperation among credit union leagues and trade organizations, corporate credit unions, service providers and the state and federal regulatory authority are providing member service in this area as soon as feasible," Dupcak said, noting the impressive mobilization of the credit union system within affected areas.

Accounts at federally insured credit unions are safe

Mr. Dupcak closed reiterating the important fact that regardless of when federally insured credit unions are able to resume operations, members' funds are secure, insured by the National Credit Union Share Insurance Fund (NCUSIF), which is backed by the full faith and credit of the U.S. Government."

NCUA meets with CU Executives

The NCUA Board and top staff met September 8 with credit union, trade and league executives to discuss the



NCUA Alexandria, September 14, 2005 — NCUA Chairman JoAnn Johnson visits the Emergency Assistance Call Center. From the left are Katrina Task Force Chairman Edward Dupcak, Examination and Insurance Supervision Director Joy Lee, Chairman JoAnn Johnson and Office of Corporate Program Specialist George Curtis.

Hurricane Katrina

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NCUA Alexandria, September 14, 2005 — NCUA Chairman JoAnn Johnson in the Emergency Call Center with retired, 33 year NCUA employee Lynn Calderwood, who returned to assist as a volunteer.

access information about their money and their credit unions.

Through September 16, NCUA's Emergency Call Center received an average 208 calls each day, and had received, 3,325 calls on the eight lines dedicated to the call center. With many people located far from their credit union and many credit unions in various stages of operation, members asked a variety of questions such as

- What is the status of my credit union? How can I access my money? Will my payroll deductions continue to be posted?

challenges to facilitate rapid response, deal with the impact on credit union operations, and discuss how best to coordinate efforts in response to Katrina and its aftermath.

Executive Director Len Skiles reported that no critical agency programs have been adversely impacted, while the hurricane and its aftermath have caused a limited reallocation of resources.

The hurricane brought loss of employment and loss of income to many. The impact on credit unions will result in a challenge to liquidity, decline in assets, impact on capital and perhaps closure. However, credit unions have proven to be as resilient as their members, and NCUA is confident that the viability of the vast majority of affected credit unions will remain intact.

Call Center responds to thousands of calls

The NCUA Call Center has responded to calls at least 9 hours a day, 7 days a week since it opened August 31. In operation through press time, thousands of Katrina victims have used the toll-free telephone number (1-800-827-6282) to

Will mortgage and car loan payments be deferred?

NCUA volunteers listened to personal stories and talked to members from all walks of life. One caller, on an oil rig in the Gulf of Mexico, was trying to send money to his parents in a shelter in Louisiana. Another caller, lost in Houston, needed cash from her credit union to obtain an immunization for her baby. All callers were incredibly polite and thankful for any assistance. The phone volunteers heard "Thank You" and "God Bless You" as they used creative thinking to assist the displaced members get access to needed cash.

In assisting members, NCUA volunteers found many credit unions posting pertinent information on their websites notifying members if payments will be deferred and non-sufficient fund (NSF) fees and ATM fees are being waived.

The Emergency Call Center phones were answered by NCUA staff volunteers and former NCUA employees donating their time to ensure credit union members affected by Hurricane Katrina get answers to their many questions.

Region IV Examiner Sonya Pickens reports September 19 ...

— Electricity was restored at my home on September 15 while my parents in Mississippi, over 150 miles inland from the Gulf, remain without electricity. At one point, over 80 percent of Mississippi had no power.

— My brother has his wife's entire immediate family - 13 people - in his house in Biloxi with no electricity or running water. All their homes are completely gone.

— There are several credit unions in downtown Baton Rouge. One opened the week of Sept. 12, and closed until further notice two days later because of security concerns. Also, the local credit union service center ran out of cash Thursday, Sept 15 and wouldn't get another shipment from the Houston Federal Reserve until the following Tuesday.

— About 100,000 evacuees live in a shelter a mile from my home in downtown Baton Rouge. A shooting occurred at the shelter last night so more military were added. There are convoys of buses, police, and military all over Baton Rouge. Long lines form at the open gas stations because many are closed without gasoline.

— Last night four of my group members were able to get together to talk and see for ourselves that we are all ok. Two other group members called in and we talked to our SE, regional director, and associate regional director during our get-together.

— We have received so many messages of concern and cannot express enough how much we appreciate the words of encouragement and prayers that our NCUA coworkers and the Louisiana State examiners have sent our way. Thank you all so much and please continue to send prayers our way. THANK YOU!!!!

Johnson visits Mississippi Gulf Coast

NCUA Chairman JoAnn Johnson visited three credit unions September 9 that suffered Hurricane Katrina damage.

- Gulf Coast Community Federal Credit Union in Gulfport,
- Keesler Federal Credit Union in Biloxi, and
- Singing River Federal Credit Union in Pascagoula, Miss.

"While the devastation is vast and unimaginable; the positive, 'can-do' spirit among the people is absolutely remarkable," Chairman Johnson said. "The vision to overcome a heart-wrenching experience is alive and well with the wonderful people of South Mississippi."

"Credit union officials have done an outstanding job in working to ensure their operations are regaining full strength," Chairman Johnson said. "I was especially pleased to see the commitment of credit union officials to help their members and communities with special check-cashing services and lending considerations. NCUA is working closely with all affected credit unions to ensure they have the necessary resources to achieve and maintain safe and sound operational status going forward. We encourage credit unions to evaluate the benefits of joining a shared branching network, because many of the credit unions that were able to regain operations and serve their members

were able to do so through shared branching."

On a personal note, the chairman expressed appreciation for the dedication of the credit union community during this emergency situation. In a coordinated effort, the Mississippi Credit Union Association collected and delivered basic household goods for credit union staffs and their families.

"When you have credit union staff who have lost homes, are residing in a

shelter, or in need of the basics to keep their family going, and their top priority is to get their credit union up and going again to help their members, it speaks to the tremendous spirit of the credit union community."

"America's credit unions are doing so much to help victims of Hurricane Katrina," said Chairman Johnson. "I encourage that spirit of volunteerism and value the good work of the credit union community across the nation."



Gulfport, Miss., September 9, 2005 — NCUA Chairman JoAnn Johnson with Charles Elliott, CEO of the Mississippi Credit Union Association at Gulf Coast Community Federal Credit Union. The Mississippi Credit Union Association collected and delivered goods to help credit union staff and their families.

NCUA News National Credit Union Administration

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